



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
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State of New Mexico
Commissioner of Public Lands

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PLANNING
(505)-827-5752

June 9, 1997

Phillips Petroleum Company
5525 Hwy. 64 NBU 3004
Farmington, New Mexico 87401

Attn: Ms Patsy Clugston

Re: Application for Downhole Commingling
San Juan 30-5 Unit Well No. 53E
Unit Letter I, Section 16-30N-5E
Blanco-Mesaverde and Basin-Dakota Pools
Rio Arriba County, New Mexico

Dear Ms. Clugston:

We have received your application of May 20, 1997, requesting our approval to downhole commingle the Blanco Mesaverde and Basin Dakota production within the wellbore of the San Juan 30-5 Unit Well No. 53E located in the NE/4SE/4 of Section 16, Township 30 North, Range 5 West, Rio Arriba County, New Mexico.

We regret to inform you that we cannot approve your application as submitted due to the following:

1. We do not feel that this well is marginal.
2. There is a 200 psi pressure differential between the upper and lower zones. The cross-flow may be detrimental to the low pressure zone; the Basin Dakota.
3. The application does not clearly state the allocation formula to be used.
4. We feel that approval of this application may result in a loss of royalty to the State of New Mexico.

Phillips Petroleum Company
San Juan 30-5 Unit Well No. 53E
June 9, 1997

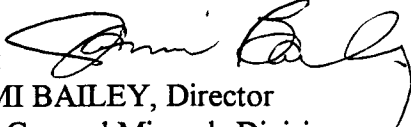
In view of the above, please be advised that your application is hereby denied.

Your \$30.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

cc: Reader File OCD: Attn: Mr. David Catanach, BLM Attn: Mr. Duane Spencer